



Reissue Patent
Atty. Docket No. 11032-2144

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:

MERRIMAN, Dwight et al.

Reissue Serial No.: 09/577,798

Patent No. 5,948,061, Issued September 7, 1999

Reissue Filed: May 24, 2000

For: METHOD OF DELIVERING, TARGETING, AND
MEASURING ADVERTISING OVER NETWORKS

Examiner: J. HARLE

Art Unit: 3627

REPLY BRIEF

Commissioner for Patents
P.O. Box 1450
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ATTENTION: Board of Patent Appeals and Interferences

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Sir:

Applicants submit this reply brief in response to the Examiner's Answer, mailed February 11, 2004, in the above-referenced reissue application, the two-month period for reply ending on April 12, 2004 (April 11, 2004 falling on a Sunday).

GROUPING OF CLAIMS

The Examiner contends that Applicants did not properly include a statement that Applicants' grouping of claims 1-50 (Group I) and 51-57 (Group II) do not stand or fall together and reasons in support thereof. Examiner's answer at 2. Applicants respectfully disagree. Applicants included in their September 29, 2003 Appeal Brief a section headed "Grouping Of Claims." In that section, Applicants identified the claims in Group I (claims 1-50) and the claims in Group II (claims 51-57) and included a statement that "Separate reasons for patentability for each group are set forth below."

Further, Applicants provided separate reasons for patentability in the Appeal Brief. See Appeal Brief pages 5-7 where reasons of patentability are presented for claims 1-50, and pages 7-8 where separate reasons for patentability for claims 51-57 are presented. Indeed, the Examiner recognized the different arguments made by Applicants with respect to the Group I claims and Group II claims, and presented responsive arguments with respect to each group.¹ See Examiner's Answer at pages 5-7 (response with respect to Group I, claims 1-50) and page 7 (response with respect to Group II, claims 51-57). Accordingly, it is respectfully submitted that Applicants correctly identified and argued the grouping of the claims into Group I and Group II.

ARGUMENT

A. The Rejection Based on Reilly Has Been Withdrawn

In the Examiner's Answer, the rejection based on Reilly was withdrawn, and therefore Reilly is no longer at issue.

B. The Claims Are Not Anticipated By Focalink

1. FocaLink Does Not Disclose Ad Selection Based on Stored Information About the User

In the Appeal Brief, Applicants asserted, *inter alia*, that FocaLink does not disclose a system or method for selecting an advertiser node or advertising banner based upon information stored about the user node at the advertisement server node, as required by independent claims 1, 7, 13, 16, 23, 29, 32, 42, and 45. In response, the Examiner's Answer asserts that the claims do not require that the information be stored for any

¹ Applicants were not given a Notice of Non-Compliance or provided with a period of one month in which to file an amended brief as required by 37 CFR 1.192(d).

length of time at the advertisement server node, and that information would at least have to be temporarily stored there. The Examiner's Answer speculates that FocaLink might temporarily store information in a memory buffer to utilize it, and that this use of information constitutes storing as claimed. See Examiner's Answer, pages 6-7.

To ascertain the meaning of the claims of a patent, one looks first to the "intrinsic" evidence of record, *i.e.*, the patent itself, including the claims, the specification and, if in evidence, the prosecution history. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995), *aff'd*, 517 U.S. 370 (1996); *Vitronics Corp. v. Conceptronic, Inc.* 90 F.3d 1576, 1582 (Fed. Cir. 1996). Such intrinsic evidence is the most significant source for establishing the legally operative meaning of disputed claim language. *Id.*

In the specification, it is described that for each user identified by the system, information such as a user identification, IP address, domain type, time zone, location of the user, standard industrialized code for the user's network, the particular advertisements seen, the advertisements that were selected or clicked on and the pages on which the advertisements were seen is collected and "stored" in a database as shown in FIG. 3A. See col. 4, lines 44-55. Thus, the system puts away the information for future use in the database of FIG 3A, where it can later be used to select an advertiser node from which advertising content may be displayed to the user in response to a request from a user node.

Words in a claim are generally given their ordinary and customary meaning as understood by one of ordinary skill in the art. *Hoechst Celanese Corp. v. BP Chems. Ltd.*, 78 F.3d 1575, 1578 (Fed. Cir. 1996). Dictionaries, encyclopedias and treatises that were publicly available at the time the patent issued are given special status for purposes of patent claim construction. Even though, strictly speaking, dictionaries, encyclopedias and treatises are not part of the "intrinsic" evidence, such materials may always be considered along with the intrinsic evidence to understand and construe the claims, *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002), so long as they are not used to contradict the meaning of terms in the claims as found from the intrinsic evidence. *Vitronics*, 90 F.3d at 1584 n. 6. *Accord Cybor Corp. v. FAS Techs., Inc.* 138 F.3d 1448, 1459 (Fed. Cir. 1998).

The American Heritage Dictionary, Second College Edition (1985) defines “stored, storing, stores” as “to reserve or put away for future use.”² Applicants assert that this ordinary and accustomed meaning for these terms is in accordance with the meaning as described in the specification – where the information regarding the user node is “stored” in the database for future use in selecting an advertiser node as a selected advertiser node, and is then used to select advertising content to display to the user in response to a request from the user node.

The strained interpretation of the term “stored” in the Examiner’s Answer to include any mere temporary use of the information is not in accordance with the ordinary meaning of the term as defined above. In effect, the Examiner’s interpretation would read the term “stored” right out of the claims, since it would include within the scope of the claim any “use” of such information, whether it is actually stored at the advertisement server node and available for future use or not. The Examiner’s interpretation would improperly equate the claimed recitation of “an advertisement server node storing information about the user node” with “an advertisement server node *using* information about the user node.”

For these reasons, it is asserted that the terms “store,” “storing” or “stored” as used in the claims should be interpreted to mean “to reserve or put away for future use”, and should not include mere use of information, such as where the information may only be momentarily put into a buffer while it is being used.³

As thus properly interpreted, the claims are not anticipated by FocaLink. The Examiner points to no structure in FocaLink, such as a database, that stores the information for later use. FocaLink does not disclose a system or method for selecting an advertiser node or advertising banner based upon information stored about the user

² A copy of the dictionary reference is attached hereto as Exhibit A.

³ The Examiner has also failed to consider that “storing” information about the user node for future use, such as in a database as described in the example in the specification, allows the system to use the information at a later time, or to update previously stored information.

node at the advertisement server node, as required by independent claims 1, 7, 13, 16, 23, 29, 32, 42, and 45.

2. Focalink Does Not Disclose An Ad Server Selecting Ads Based On Number Of Times Displayed At The User Node

Regarding claims 51-57, in the Appeal Brief, Applicants pointed out that FocaLink does not disclose selecting an advertiser node or advertising banner based on a number of times the advertising content has been previously displayed at the user node, as required in claims 51-57. Applicants pointed out (a) that DX93 – relied upon by the Examiner – only disclosed using information about the number of people per day who might have viewed or clicked on an ad to generate “post-buy” reports (but DX93 does not disclose an ad server using such “post-buy” information to perform ad selection), and (b) that in any event the number of people per day who view/click on an advertisement can be very different than the number of times the advertising content has been previously displayed at the user node.

In response, the Examiner asserts that “FocaLink teaches basing advertisements upon the number of people per day who view/click on an advertisement.” Examiner’s Answer at 7. The Examiner further asserts that this encompasses Applicant’s claim language, as it is comprising claim language, and “the individual would be one of the number of people per day who viewed the advertisement and FocaLink is basing its decision upon the number of times the individual and others have viewed the ad.” *Id.*

The Examiner’s contention about FocaLink is incorrect in several aspects. Starting with the claimed invention, the language in Applicants’ claims 51-57 recites that the advertisement server node selects an advertiser node (or advertising banner) based on a number of times the advertising content has been previously displayed at the user node. The ad selection process is performed in connection with a request from the user node.

However, unlike Applicants’ claimed invention, FocaLink does not disclose having an advertisement server node that selects an ad based on the number of times an ad has been previously viewed or clicked on. To the contrary, as disclosed in DX93, FocaLink merely uses such information for “post-buy” reports, which an advertiser or web site can

use to judge how well its advertisements had performed and to (generically) change graphics, targeting and scheduling of ads. *Nowhere* does FocaLink describe that the *ad server* performs any of these functions. In fact, to the contrary, DX93 states that the information is used in the process of *ad placement*: “The process is an iterative one: ads are placed, results are studied, and placement plans are improved.” DX93 at pg. 2 (SD027082).⁴

Next, the Examiner incorrectly states that in consideration of the number of people who view/click on an ad, the *individual would be* one of the number of people per day who viewed the advertisement. The FocaLink materials do not disclose anything about tracking the identities of the people who have viewed or clicked on an ad in connection with the view/click statistics. No such identity tracking is inherent in FocaLink. Indeed, nothing in FocaLink discloses that anything done by the ad server depends on whether (and how many times) the particular user has previously seen the ad. Thus, there is no basis to conclude that the user for whom an ad is being selected “would be” one of the users who has already viewed or clicked on the ad.

Furthermore, the Examiner fails to acknowledge the difference between the number of people per day who view/click on an advertisement and the number of times the advertising content has been previously displayed at the user node. For example, if the Applicants’ system was connected to 50 users, and user 1 requests an ad, the system as claimed would select an advertiser node or advertising banner for user 1 based on a number of times the advertising content has been previously displayed at the user 1’s node. If the user had previously viewed the ad one time, the system would make the selection based on the fact that the ad had been previously displayed at user 1’s node one time. Also, the selection would not be required to take into account the number of times the advertising content was viewed at user nodes 2-50 and would not be limited to display of advertising content on a particular day.

⁴ As used in DX93, ad placement is a *manual* process, and is not an automated selection of individual ads to serve in response to a user request.

In contrast, FocaLink looks to daily overall usage, so if 50 users were connected to the system, FocaLink would measure the number of users 1-50 who click on the advertising content on that day. Thus, for example, if user 1 displays the ad content once, and users 2-50 display the content 49 other times that day, FocaLink would report that the advertising content had been viewed 50 times that day.⁵

As a second example, if the advertising content had been viewed 1000 times by user 1 on previous days, but not on the current day, and viewed 1 time by users 2-50 on the current day, the presently claimed invention would select an advertiser node or advertising banner for user node 1 based on the 1000 times the advertising content had been previously displayed by user node 1. In contrast, FocaLink would report that the ad had been viewed 1 time on the current day.⁶

For these reasons, as well as the reasons stated in the Appeal Brief, FocaLink does not anticipate claims 1-50 or claims 51-57, and the rejection should be overruled.

C. The Claimed Invention Was Not On Sale More Than One Year Prior to The Filing Date

In the Appeal Brief, Applicants argue that the claimed invention was not on sale more than one year prior to the filing date of the application leading to issue of the original '061 patent. The basis for Applicants' position is that no commercial offer for sale was made prior to the critical date; the invention was not ready for patenting prior to the critical date; and, in any event, experimental use negates application of the on-sale bar. In response, the Examiner's answer contains some 38 pages filled with a variety of arguments based on misapprehension of the applicable law and/or mistaken or incomplete understanding of the facts. While as a practical matter Applicants cannot

⁵ And in any event the FocaLink ad server would not make any ad selection based on this report.

⁶ Again, the FocaLink ad server would not make any ad selection based on this report.

respond to all of the points raised by the Examiner, Applicants will address the more noteworthy errors below.⁷

1. No Commercial Offer For Sale Was Made Prior To The Critical Date

In the Appeal Brief, Applicants argued that no commercial offer for sale was made prior to the critical date, because the single event that occurred prior to the critical date – a telephone call of uncertain content – lacked many of the details required for a commercial offer. Applicants also argued that the Attachmate Letter, which was sent *after* the critical date, reflected many details not discussed in the prior telephone call.⁸ See *generally* Appeal Brief at pages 8-14. In response, the Examiner continues to rely primarily on the Attachmate Letter for support of the alleged commercial offer for sale prior to the critical date. For at least the reasons discussed below, the Examiner's reasoning is incorrect and the rejection therefore cannot be sustained.

a) The Details of the Attachmate Letter Were Not Discussed During the Telephone Call Prior to the Critical Date

The Examiner asserts that the claimed invention was the subject of a commercial offer for sale made by Mr. O'Connor prior to the critical date. The Examiner relies upon the conclusion that the Attachmate Letter recites the details of an agreement allegedly reached during the prior telephone call between Mr. O'Connor and Mr. Buckingham.⁹ However, two key, indisputable facts refute the Examiner's position.

First, the text of the Attachmate Letter itself confirms that Mr. O'Connor was setting out a new proposal to be considered by Attachmate, rather than verifying a prior offer and acceptance. One need look no further than the language Mr. O'Connor used to introduce a number of new details (details that were not discussed during the prior

⁷ Accordingly, it should not be assumed that Applicants acquiesce in any position taken by the Examiner and not addressed herein.

⁸ A copy of the Attachmate Letter was provided as Exhibit 1 to the Appeal Brief.

⁹ As discussed in the Appeal Brief, the Attachmate Letter is dated *after* the critical date and therefore cannot itself be the basis for establishing an on-sale bar under §102(b).

telephone conversation): “I suggest the following.” See Attachmate Letter, page 1 (emphasis added). Though the Examiner never addresses this fact, it is perhaps the clearest indication that the letter set forth a new proposal. If such “terms” had already been agreed upon in the prior telephone call, as alleged by the Examiner, it would have made no sense for Mr. O’Connor to introduce these points in the letter by stating “I suggest.” Rather, if the specific terms introduced in the Attachmate Letter had in fact been discussed and agreed to in the prior telephone call, Mr. O’Connor would have stated in the letter that these points were already agreed upon – but that is clearly not the case.

Second, Mr. Buckingham’s testimony was based entirely on his *assumption* that the Attachmate Letter reflected the details discussed during the prior telephone call with Mr. O’Connor. Buckingham Dep. at 59:24-25. At his deposition, Mr. Buckingham was never questioned on his independently memory of the call. Instead, at his deposition, Mr. Buckingham was provided with a copy of the Attachmate Letter prior to being questioned about the telephone call with Mr. O’Connor. Thus, Mr. Buckingham’s entire testimony about what may have been discussed during the prior telephone call was “tainted” by the contents disclosed in the letter. Given the importance of the time sequence – the telephone call was prior to the critical date but the letter came after the critical date – Mr. Buckingham’s testimony cannot reasonably be relied upon to establish that a commercial offer for sale occurred during the prior telephone call.

b) The Vague and Indefinite Telephone Call Between Mr. O’Connor and Mr. Buckingham Lacks Specific Terms and Cannot Give Rise to a Commercial Offer For Sale

The Examiner disagrees with Applicants’ position that sufficient details are required to give rise to a commercial offer for sale, and contends that a commercial offer for sale can occur even where many key terms are missing and cannot be determined. Contrary to the Examiner’s position, several cases, as cited in the Appeal Brief, support Applicants’ conclusion that sufficient details are required before triggering the on-sale bar. See *Group One Ltd. v. Hallmark Cards Inc.*, 254 F.3d 1041, 1047-48 (Fed. Cir. 2001) (indefinite nature of communications (letter, meeting and telephone call discussing the patented machine and technology), and lack of specific terms such as price and

quantity); *MLMC Ltd. v. Airtouch Communications, Inc.*, 215 F. Supp. 2d 464, 480 (D. Del. 2002) (no commercial offer for sale when quotations were missing terms such as delivery dates and payment terms); *D&K Int'l, Inc. v. General Binding Corp.*, 104 F. Supp.2d 958, 960 (N.D. Ill. 2000) (no commercial offer for sale when meeting lacked discussion of quantity, delivery date or shipment or payment terms, despite discussion of sales price). Furthermore, the Examiner's reliance on *Minton v. Nat'l Ass'n of Securities Dealers, Inc.*, 336 F. 3d 1373, 1378 (Fed. Cir. 2003), Examiner's Answer at 12, is misplaced. The portion of *Minton* quoted by the Examiner relates to the discussion in the case that different types of acts might constitute a sale for different types of inventions. *Minton* did not modify the requirement that, to trigger the on-sale bar, an offer must be a *commercial* offer for sale.

In apparent recognition of the lack of sufficient express details during the prior telephone call, the Examiner attempts to rely on alleged course of dealing and industry practice. Specifically, the Examiner asserts that Mr. Buckingham's behavior under UCC §1-205 in light of his course of dealing and evidence of practice in the industry establishes commercial offer and acceptance. Examiner's Answer at 17. Appropriate evidence of course of dealing and industry practice, if available, may certainly be considered.

In this case, the Examiner's reliance on alleged "course of dealing" is misplaced. Under the UCC, course of dealing is defined as

a ***sequence of previous conduct between the parties*** to a particular transaction which is fairly to be regarded as establishing a common basis of understanding for interpreting their expressions or other conduct.

UCC §1-205(1) (emphasis added). The testimony cited by the Examiner relates to speculation on the part of Mr. Buckingham that he did not view the possibility that he agreed verbally to commit \$20,000 without a writing as unusual. However, the testimony by Mr. Buckingham does not set forth any facts of previous conduct between himself and Mr. O'Connor to establish a course of dealing between Mr. O'Connor and Mr. Buckingham, particularly as to the possibility that Mr. Buckingham might be asked to be a sponsor of Mr. O'Connor's business. Indeed, since the Internet advertising initiative of

Mr. O'Connor was very new, there could not have been any prior course of dealing with respect to Internet advertising.

Likewise, the Examiner's reliance on industry practice is also misplaced. Under the UCC, usage of trade is defined as any *practice or method of dealing having such regularity of observance* in a place, vocation or trade as to justify an expectation that it will be observed with respect to the transaction in question. UCC §1-205(2) (emphasis added). The examiner however points to no evidence whatsoever of practices or methods of dealing regularly observed. This is not surprising; since the area of Internet advertising was so new, there was no established industry or trade to begin with, let alone any regular practices among members of such an industry.

c) The O'Connor Declaration Does Not Contradict Any Material Evidence Cited By The Examiner

The Examiner discounts the Rule 132 declaration submitted by Mr. O'Connor because of alleged contradictions with other evidence of record. Examiner's Answer at 13-16. Review of the record, however, reveals that Mr. O'Connor's declaration is consistent in all material aspects with the other evidence of record, and that the following matters raised by the Examiner are not contradictions at all:

- While the Examiner contends that the Attachmate Letter refreshed Mr. Buckingham's recollection of the prior telephone conversation with Mr. O'Connor, Mr. Buckingham also acknowledged in his deposition that he *assumed* that the Attachmate Letter reflected the details discussed during the prior telephone call with Mr. O'Connor. Buckingham Dep. at 59:24-25. As discussed above, Mr. Buckingham was never asked his independent recollection about the call prior to being shown the letter, and so his testimony cannot reasonably be relied upon to establish any details about what was discussed during the prior telephone call.

Thus, Mr. O'Connor's statements about the telephone call and his subsequent preparation of a proposal (O'Connor Rule 132 Declaration, ¶¶25-27) are not contradicted by any reliable testimony from Mr. Buckingham.

- While the Examiner contends that Mr. O'Connor's characterization of his relationship with Mr. Buckingham as "friends" is contradictory to Mr. Buckingham's deposition (and to Mr. O'Connor's own deposition), Examiner's Answer at page 14-15, in fact both depositions reflect that Mr. Buckingham and Mr. O'Connor were on friendly terms with each other:
 - In response to a question about his relationship with Mr. O'Connor, Mr. Buckingham testified "It was mainly a sort of vendor-customer type relationship. But no, I think we liked each other. I liked Kevin [Mr. O'Connor], you know. We met socially on occasions, and things like that...." Buckingham dep. at 19:16-20. And in response to a question as to whether his conversations with Mr. O'Connor were "friendly" or "business-related," Mr. Buckingham answered that they were "a little of both." Buckingham dep. at 26:5-7.
 - In response to a question about the relationship, Mr. O'Connor testified at his deposition that "Chris [Mr. Buckingham] was a friend, primarily he was a business associate, someone I had a great deal of respect for." O'Connor dep. at 210:14-16.

Thus, the statement in Mr. O'Connor's declaration, ¶24, that Chris Buckingham was a "friend and former colleague" is consistent with the record.

Taken as a whole, and as discussed fully in Applicants' Appeal Brief, the evidence does not establish that there was a commercial offer for sale prior to the critical date.

2. The Invention Was Not Ready For Patenting Prior To The Critical Date

In the Appeal Brief, Applicants argued that the claimed invention was not ready for patenting prior to the critical date. See *generally* Appeal Brief at pages 14-16. In response, the Examiner has raised new arguments as to why the Examiner contends that the invention was ready for patenting before the critical date. However, for at least the reasons discussed below, the Examiner's response includes several errors in recitation of the facts or conclusions reasonably drawn from the facts and, therefore, the Examiner's position cannot be sustained.

a) The Attachmate Letter Does Not Establish That the Invention Was Ready For Patenting

First, in discussing the timing of the preparation of the Attachmate Letter, the Examiner now appears to contend (see pages 18-19 of the Examiner's Answer), incorrectly, that the letter itself establishes that the invention was ready for patenting. However, this conclusion is incorrect. The letter neither sets forth a description of the invention sufficient to permit one to make and use the invention, nor does it set forth a reduction to practice of the invention and, therefore, cannot establish that the invention was ready for patenting. Indeed, contrary to the Examiner's position, the Attachmate Letter confirms that targeting software was not complete at the time,¹⁰ see Attachmate Letter at 1 (numbered paragraph 3, as discussed in the Appeal Brief at 15), thus precluding the possibility that the invention was reduced to practice prior to the critical date.

b) Applicant's Ad Server Capable Of Serving Targeted Ads Was Not Reduced To Practice Prior To The Critical Date

Second, contrary to all of the documentary evidence of record, the Examiner maintains at pages 23-24 of the Examiner's answer that the targeting software was reduced to practice at the time of the Attachmate Letter. However, as explained in the Appeal Brief at page 15, the minimal software code needed to implement targeted advertising was not completed by Applicants until December, 1995 – well after the critical date. And, the targeting software underwent significant testing prior to launch of the service in 1996. See Appeal Brief at page 19. In the face of these facts, the evidence relied on by the Examiner clearly fails to support a conclusion that a targeted ad server was actually reduced to practice:

¹⁰ The Examiner also takes issue with Applicants' statements regarding the Examiner's prior conclusions about the "AdJump" feature. Examiner's Answer at 18. However, the Examiner has misapprehended the argument made by Applicants. Applicants were not arguing that the Attachmate Letter did not concern IAN, but rather that the Attachmate Letter disputes the Examiner's previous conclusion that the AdJump feature was itself evidence that targeted advertising was taking place. As set forth in the Appeal Brief, the "AdJump" feature was referred to in the Attachmate Letter to be used to observe behavior with hard coded (non-targeted) ads in connection with developing a targeting profile.

- The Examiner's reliance on the business plan is misplaced. The business plan is not evidence that the invention was reduced to practice. Indeed, the Business Plan refers to the need to hire a software developer to implement the system, thus indicating that the system had not been reduced to practice. Business Plan at 10. Furthermore, as discussed more fully below, the business plan does not sufficiently describe the invention.
- The Examiner's citation to a memo referring to a "prototype" does not support the Examiner's position. While the Examiner contends that the memo established that a "prototype" was completed in September of 1995, the memo does not state anything about what the "prototype" is, and it certainly does not state it is a prototype of an ad server having the capability to serve targeted ads. When Mr. Merriman was asked about the memo in his deposition, he explained that while they had developed some of the necessary functionality, they did not have a majority of the functionality for the system in September 1995, and did not have the capability of serving any ads in September 1995. Merriman dep. at 33:22-34:15. Mr. Merriman further explained at his deposition that a lot of the design for the targeting for the ad server was done in December 1995. Merriman dep. at 34:16-35:8.
- The Examiner's reliance on mock ad reports (DX31, DX32) is misplaced. As explained by Mr. O'Connor in his Rule 132 declaration, ¶¶22-23, he had prepared mocked-up reports for hypothetical ads in the Fall of 1995, to facilitate marketing of the IAN system. The reports do not reflect any ads actually served – indeed, there were none. Further, in his deposition, Mr. O'Connor explained that the mock ad reports contained references to types of information that were never actually provided by the system, thereby confirming that they were "mock" ad reports not representing any information about ads actually served. O'Connor Dep. at 278:16 - 279:17.

Thus, the Examiner's speculation about a reduction to practice of an ad server capable of handling targeted ad serving by September 1995 runs contrary to the concrete evidence provided by Mr. Merriman. See Merriman Rule 132 declaration ¶¶36-38 and Exhibits C-F attached thereto, explaining with documentary support that the early

development of the ad server software needed for targeting ads took place mostly in December 1995 and January 1996:

- Paragraph 36 (exh. C): early version of ad server source code used for targeting ads, most of which bears dates of December 1995 and January 1996;
- Paragraph 37 (exh. D): IAN status memo showing that the ad server was only 80% complete as of December 7, 1995;
- Paragraph 38 (exhs. E–F): Exh. E is an e-mail dated December 12, 1995 stating that progress is being made on the ad server and “ready for targeted ads,” and Exh. F is an e-mail dated December 13, 1995 stating that “SIC targeting now works.”

Accordingly, the Examiner’s assertion that the targeted ad server was reduced to practice prior to the critical date is simply wrong.

c) The Business Plan Is Not a Complete Description Of The Invention

The Examiner now argues for the first time that the IAF Business Plan (DX2)¹¹ is a written description establishing that the invention was ready for patenting, relying upon an affidavit submitted in prior litigation by Prof. Balakrishnan. See *generally* Examiner’s Answer at 20-22, 26. However, the Business Plan does not contain a complete description of the invention in sufficient detail to permit one of ordinary skill to practice the invention. For example, as acknowledged by Prof. Balakrishnan (on whose testimony the Examiner relies), the Business Plan does not disclose the use of a *link message*. Direct Testimony Affidavit of Prof. Balakrishnan (“Balakrishnan Affidavit”), ¶¶60, 66 (pages 25, 27). According to the claimed invention, a link message is provided by a content provider to a user such that the user makes a request to an advertisement server to select an advertisement. Indeed, contrary to the Examiner’s reliance on the Balakrishnan Affidavit, the Business Plan does not state anywhere what mechanism would be used to cause the ad server to select an ad and supply the ad to the user.

While the Balakrishnan Affidavit at ¶65 (page 27) points to language in the Business Plan stating that an addition would be made to a content provider's HTML pages, the Business Plan provides no details as to what kind of addition(s) would need to be made and no details as to how the modifications would cause an ad to be selected and served. Prof. Balakrishnan ignores this lack of detail. Instead, he concludes that it is "clear" that "some type of special HTML code is inserted into the HTML pages" and that at the time the Business Plan was prepared an "image tag" was capable of being implemented to carry out the "functions described in the business plan." Balakrishnan Affidavit, ¶¶66-67 (pages 27-28). However, since the specific functions that are accomplished by the link message (as described in the '061 patent) are not described in the Business Plan, the conclusion reached by Prof. Balakrishnan (and relied upon by the Examiner) is unsupported.

In a tacit acknowledgement that the Business Plan does not sufficiently describe the invention, the Examiner attempts to "fill in" the missing details about a "link message" with other evidence – namely, evidence that Mr. Merriman tested use of an image tag. The Examiner contends that Mr. Merriman employed a link message prior to the critical date when he tested embedding an image tag, see Examiner's Answer at page 21 (citing Balakrishnan Affidavit page 25 and Merriman dep. at 44:9-45:19).

However, this argument is not well-founded. It is important to note that the recited image tag test by Mr. Merriman was not (and could not at that time have been) conducted with software that was being used for *targeted* ad serving. As explained previously, the minimal software needed for serving *targeted* ads was not completed until December 1995. Rather, this was simply a general test to see whether they could retrieve an object located on a different web server than a server having an HTML page with an image tag. Merriman dep. at 44:9-23. The test was not even specific as to whether the object was an ad or not. Merriman dep. at 45:9-15.

¹¹ The Business Plan is also marked DX17, copies of which are attached to the Rule 132 declarations submitted by Messrs. Merriman and O'Connor.

Given that this test was not performed in connection with a test on serving ads, the Examiner does not explain how one would make a connection between (1) the description of the Business Plan – which lacks a description of a link message and how a link message would be used in conjunction with the ad serving process, and (2) the general test conducted by Mr. Merriman – which was not conducted as part of a targeted ad serving process.¹² The Examiner attempts to rely on the Balakrishnan Affidavit at page 28, but there Prof. Balakrishnan takes unreasonable liberty in describing the figure on page 7 of the Business Plan as showing that the “user’s browser (1) receives the ‘link message’ from the Web Site, and (2) passes the ‘link message’ to the Ad Server Process to initiate ad selection and delivery.” Balakrishnan Affidavit, ¶¶70 (page 28). However, the Business Plan (and particularly the figure on page 7) contains no such description. Instead, Prof. Balakrishnan improperly fills in the missing detail about the link message by borrowing from the claims themselves. Prof. Balakrishnan then uses this “fill-in” to support the remainder of his opinion as contained in ¶¶71-73 (pages 28-29), on which the Examiner also relies. As there is no basis for Prof. Balakrishnan’s “filling in,” the Business Plan cannot establish that the claimed invention was ready for patenting.¹³

Moreover, the Examiner’s assertion now that the IAF Business Plan shows the invention is ready for patenting is contradicted by the Examiner’s prior rejection of the very same Business Plan used to support evidence of prior conception by Applicants. In an Office Action response filed July 24, 2001, Applicants argued that they had conceived of the claimed invention before certain prior art references cited by the Examiner, and in support thereof submitted a Rule 131 Declaration by Mr. Merriman which was based on

¹² While Mr. Merriman may have understood in his mind the potential for using an image tag in connection with a targeted ad serving process, a bare conception that has not been enabled is insufficient to establish that an invention is ready for patenting. *Space Systems/Loral, Inc. v. Lockheed Martin Corp.*, 271 F.3d 1076, 1080 (Fed. Cir. 2001). That the targeted ad serving system was still undergoing substantial development well past the critical date cuts strongly against the Examiner’s conclusion that the invention was ready for patenting. See *id.* at 1081

¹³ Furthermore, the Examiner provides no legal support for the proposition that one can establish that an invention is ready for patenting by combining a partial description of the invention with a separate general test conducted on an aspect of the technology when such test is not specifically directed to the missing portion of the invention.

the Business Plan.¹⁴ After reviewing the Business Plan, the Examiner rejected use of the Business Plan to show conception of the claimed invention, stating “The business plan relied upon fails to set forth, for example, all the characteristics relied upon for each node, nor does the business plan set forth the manner in which the links work as claimed ...” Office Action dated October 24, 2001 at page 4. The Examiner’s prior conclusion that the Business Plan failed to adequately describe certain aspects of the claimed invention severely undercuts the Examiner’s reliance on the very same Business Plan here to show that the claimed invention was ready for patenting.

d) Mr. Wharton’s Testimony About When the Ad Server System Was Implemented Is Speculative

Finally, the Examiner relies upon testimony by Tom Wharton for support that a reduction to practice of the claimed invention took place prior to the critical date. Examiner’s Answer at 24-25. Mr. Wharton met with Messrs. Merriman and O’Connor in Mr. O’Connor’s basement in mid-December 1995, and observed a demonstration of the system. However, Mr. Wharton’s testimony does not establish a date by which a targeted ad server had been allegedly reduced to practice. To the contrary, as demonstrated by his response to a question about whether IAN had a server up and running, the following exchange shows that he was simply guessing about the time frame:

[Mr. Wharton]: Yeah, from my impression, it had been up and running for some period of time.

Q: For how long?

[Mr. Wharton]: **Three to six months, I don’t know. Three to six months, I’d say, yeah.** They had done a substantial amount of work on it in building the applications.

Wharton Dep. at 51:13-19 (emphasis added). As is plainly evident from Mr. Wharton’s response, the “three to six months” time frame was nothing more than a guess, and he provided no specific facts to support his speculation about the time frame. Indeed, Mr.

¹⁴ The declaration was a copy of the Rule 131 Declaration that had been previously submitted to the PTO in 1998 during prosecution of the application leading to the ‘061 patent.

Wharton acknowledged that he had not reviewed any software code. Wharton dep. at 12-13. He also acknowledged that he had made an “*assumption*” based on what he saw to be developed; he had no recollection that Messrs. Merriman or O’Connor had said anything about how long the server had been up and running. Wharton dep. at 101:14-25. Further, he did not testify as to what state the ad server would have been in at the previous three-to-six month period (*i.e.*, no testimony about whether he believed that targeted ad serving had been around for that length of time).

In any event, Mr. Wharton’s speculation about when the system may have been developed cannot change the fact – discussed above (and in the Appeal Brief) – that the minimal amount of software necessary for serving targeted ads was not completed before early December 1995. Accordingly, the testimony by Mr. Wharton cannot establish that the invention was ready for patenting prior to the critical date.

3. Experimental Use Negates the On-Sale Bar

In the Appeal Brief, Applicants argued that the transaction that was the subject of the Attachmate Letter (and alleged to have occurred during the prior telephone call) was primarily for experimental purposes and that the invention remained under experimental development and testing well after the critical date. See *generally* Appeal Brief at pages 16-22. In presenting arguments that the transaction set forth in the Attachmate Letter was not for experimental purposes and that the Applicants’ system was not undergoing experimental usage, the Examiner has made key errors in legal analysis and several mistakes in the recitation of relevant facts. For at least the reasons that follow, each of these errors/mistakes severely undercuts to the Examiner’s argument.

a) Control: Participation By Third Parties In Testing Does Not Negate Experimental Use

The Examiner asserts that participation by third parties in testing conducted by Applicants means that Applicants did not retain control over the testing of their ad serving system and, therefore, such testing cannot qualify as experimental use. Examiner’s Answer at 28, 38-39. However, the participation or access by third parties to a device or system undergoing testing does not negate experimental use. Where, as here, a system normally involves interaction among third parties, it is natural to test that

system in the environment of its intended use in order to determine whether the invention will work for its intended purpose. As shown by the relevant case law, the fact that Applicants conducted tests that involved interaction of their ad serving system with third party users does not defeat experimental use.

Indeed, the Supreme Court has found experimental use under circumstances where members of the public had access to the invention. In one of the seminal cases on experimental use, *City of Elizabeth v. American Nicholson Pavement Co.*, 97 U.S. 126 (1877), the Supreme Court upheld a ruling of experimental use where an invention – a new pavement – was tested in public for six years. In *City of Elizabeth*, Nicholson constructed a new section of pavement on a public road leading out of Boston. The particular road where the new pavement was laid was well-traveled by the public: “most everybody went over it, rich and poor. It was a great thoroughfare out of Boston. It was frequently traveled by teams having a load of five or six tons, and some larger.” *Id.* at 143. Notwithstanding the prolonged and essentially unlimited exposure of the invention to the general public, the Supreme Court stated that under such public testing the inventor retains control and such testing of the invention does not lose its status as experimental use:

So long as he does not voluntarily allow others to make it and use it, and so long as it is not on sale for general use, he keeps the invention under his control, and does not lose his title to a patent.

It would not be necessary, in such a case, that the machine should be put up and used only in the inventor’s own shop or premises. He may have put it up and used in the premises of another, and the use may inure to the benefit of the owner of the establishment. Still, if used under the surveillance of the inventor, and for the purpose of enabling him to test the machine, and ascertain whether it will answer the purpose intended, ... it will still be a mere experimental use, and not a public use, within the meaning of the statute.

Id. at 135.

Other cases have similarly found experimental use when an invention was publicly tested even where there was opportunity for third parties to gain access to and use the invention. See *EZ Dock, Inc. v. Schafer Systems, Inc.*, 276 F.3d 1347 (Fed. Cir. 2002) (the patent owner provided evidence sufficient for a jury to find experimental use where the

inventor had sold and installed the invention (a dock) at a camp on the Mississippi River); *TP Labs., Inc., v. Professional Positioners, Inc.*, 724 F.2d 965, 972 (Fed. Cir. 1984) (orthodontic appliances installed for several patients).

Similarly, here the Applicants tested their invention in its intended environment, which included use with third party web sites and users who visited those sites. There are simply no facts showing that the testing of the ad server by Applicants with Attachmate or any that any other testing (including the beta test) was done in a manner where Applicants gave up “control” of their invention. The Applicants operated the ad server, controlled what test ads were run, when they were to be run, and how the tests were run. No third parties ever obtained control over Applicants ad server or the test process. Applicants never allowed another party to construct and operate an ad server implementing the invention. Applicants never lost “control” of their invention.

b) Experimental Use Does Not Require Changes to the Invention as a Result of Testing

The Examiner asserts that a lack of evidence that Applicants made changes to the ad server relating to the claimed invention as a result of the testing they conducted means that any testing was immaterial and was not experimental. Examiner’s Answer at 28, 42. However, the Examiner’s statement incorrectly assumes that experimental use *requires* the inventors to show that changes were made to the system being tested. To the contrary, the Supreme Court rejected such a requirement in *City of Elizabeth*, holding that use may be experimental even when the inventor does not find any changes necessary. *City of Elizabeth*, 97 U.S. at 135.

c) Experimental Use Does Not Require Communication of Experimental Purpose or Confidentiality

The Examiner asserts that experimental use does not apply because Applicants never communicated to Mr. Buckingham the experimental nature of the ad-serving system and did not obtain a confidentiality agreement. Examiner’s Answer at 28, 30, 33. However, while these are factors in the analysis of experimental use, they are not absolutely required in all cases. Rather, in some circumstances, the inventor need not communicate the experimental nature of the use or require a confidentiality agreement.

See *TP Labs.*, 724 F.2d at 972 (experimental use even though no confidentiality agreement, noting that in some circumstances it may be significant that no pledge of confidentiality was obtained). Indeed, in the *City of Elizabeth* case, there was no mention of any confidentiality agreement with the inventor, and no disclosure of the experimental nature of the pavement to the members of the public who used the road over the six-year period of testing.

d) The Attachmate Letter Discloses the Experimental Nature of the System and Required Confidentiality

The Examiner also incorrectly concludes that there was no communication of the experimental nature of the ad serving system to Mr. Buckingham. The Attachmate Letter itself plainly reveals the experimental nature of the system. As Mr. O'Connor wrote, "**We will be using IAF¹⁵ as the *first test web site* for IAN.**" Attachmate Letter, page 1 (emphasis added). Furthermore, while the Examiner discounts the confidentiality provisions of the Attachmate Letter, the Examiner's position fails to appreciate that the obligation on Mr. Buckingham to maintain confidentiality about the agreement effectively kept the system itself confidential. The Attachmate Letter was the only tangible item that Mr. Buckingham was provided about the system. Mr. Buckingham was not given a copy of the ad serving system to test; rather, the only thing Attachmate had to do was to supply IAN with one or more ads that IAN was to use as part of the test. Since the obligation stated in the letter to keep the agreement confidential meant keeping its terms (including the third party ad serving) confidential, this effectively precluded Attachmate from disclosing information about the ad server.

¹⁵ IAF refers to Internet Address Finder, an adjunct Internet service that the inventors were going to launch. As described in the Attachmate Letter, IAF was an Internet "white pages" service, and the inventors intended to use IAF as the test web site by hard-coding ads into the IAF web site pages, and then tracking user responses to determine an appropriate targeting profile to be used for serving targeted ads in the future, when the targeting software would be completed. Attachmate Letter at page 1.

e) The Examiner Incorrectly Concludes That Testing Of The Ad Serving System Was Not Necessary

In the Appeal Brief, Applicants explained the need to conduct testing of the ad serving system. Rejecting the facts cited by Applicants, the Examiner asserts that there was no need to test the invention, relying primarily on the mistaken conclusion that the targeted ad server had been reduced to practice prior to the critical date. See *generally* Examiner's Answer at 35-38. The Examiner specifically points to an admission about a functioning prototype, *id.* at 35, the mock ad reports, *id.* at 36 and the testimony of Mr. Wharton. *Id.* However, as discussed more fully above in the section on ready for patenting, the invention was not reduced to practice prior to the critical date, and none of the items cited by the Examiner shows otherwise:

- the "prototype" mentioned in the September 1995 memo could not have included software capable of serving targeted ads, since the minimal software needed to serve targeted ads was not finished until December 1995;
- the mock ad reports were prepared to show prospective advertisers the types of reports that might be prepared, and did not represent results of any ads actually served;
- Mr. Wharton was not told that the targeting software for the ad server had been functioning for any given period of time, so he was speculating as to how long the software had been up and running.

In addition, the Examiner disputes the need for testing because the Examiner again concluded – incorrectly – that targeted ads were served back in October 1995. As set forth above, the evidence established that the minimal software needed to run the targeted ad server was not completed before December 1995. Yet, the Examiner questions the declarations by Messrs. Merriman and O'Connor about when targeted ads were served because, according to the Examiner, the inventors were not as "definite" in their answers at their deposition. Examiner's Answer at 38. However, the Examiner fails to recognize that at their depositions, the Applicants were not provided with certain documents, such as Exhs. C, E, F to the Merriman Rule 132 Declaration, which Mr. Merriman relied upon in support of his declaration.

The Examiner also states that the inventors did not “positively refute” that their system served targeted ads in October of 1995, but they only stated that the mock reports were hand generated. Examiner’s Answer at 37. However, contrary to the Examiner’s position, they did refute that any targeted ads were served in October of 1995:

- Mr. Merriman *had not completed the minimal amount of code necessary for the ad server to serve a targeted third-party ad over the Internet **until December 1995.*** Merriman Rule 132 Declaration, ¶¶36-38.
- The **first** targeted ads were served in December 1995. Merriman Rule 132 Declaration, ¶39-40.

Unquestionably, since the minimal ad serving software necessary for serving targeted ads was not completed until December 1995, and the first targeted ads were not served until December 1995, it stands to reason that they could *not* have served targeted ads in October 1995.

f) The Examiner Incorrectly Asserts That Tests Were Not Related to the Claimed Invention

Finally, the Examiner asserts that the testing done was not related to the invention as claimed, focusing specifically on stress tests and tests for quickness that, according to the Examiner, were mere “optimizations” of the system. Examiner’s Answer at 38. However, the Examiner ignores evidence of testing done prior to the beta test which was planned to test targeting and frequency controls. See DX 23 (e-mail dated Jan. 14, 1996). Both of these are directly related to features recited in the claims. Furthermore, the Examiner’s position is contrary to case law that permits an inventor to test qualities not specifically recited in the claims, like durability of an invention, to determine whether the invention will work for its intended purpose in its intended environment. See *City of Elizabeth*, 97 U.S. at 133 (pavement constructed to ascertain durability and liability to decay under use in its environment); *EZ Dock*, 276 F.3d at 1353 (testing docks for ability to endure different kinds of water conditions, including turbulent conditions); *Manville Sales Corp. v. Paramount Systems, Inc.*, 917 F.2d 544, 550 (Fed. Cir. 1990) (inventor permitted to test invention in cold environment in which it was designed to operate).

Likewise, the stress tests and quickness tests performed on the ad serving system here were performed to assist the inventors in determining whether their ad-serving system would operate in the real-world environment – the Internet – in which their invention was intended to operate for the intended purpose of serving ads to third party web sites.

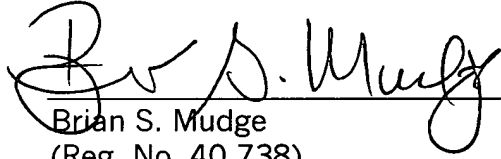
In sum, for the reasons stated above and in the Appeal Brief, Applicants respectfully submit that the events prior to the critical date do not trigger the on-sale bar under §102(b) and, therefore, request that this rejection be overruled.

CONCLUSION

Applicants respectfully submit that, for the reasons stated above and in the Appeal Brief, claims 1-57 are allowable and request reversal of all of the rejections.

Respectfully submitted,

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